

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 136 – SB 315

April 3, 2017

SUMMARY OF ORIGINAL BILL: Requires local governments with one or more audit findings to submit a corrective action plan to the Comptroller of the Treasury (COT) addressing each finding. Requires local governments with one or more audit findings to submit a copy of their annual budget to COT for approval and authorizes COT to not approve a local government's budget until a corrective action plan has been submitted. Authorizes COT and the Department of Revenue (DOR) to withhold sales tax revenue, collected and otherwise distributed to locals by the state, from any local government with uncorrected, recurring audit findings for three or more consecutive years. Requires DOR to hold such tax revenue in reserve until the non-compliant local government becomes compliant with this proposed legislation.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – The fiscal impact of this bill is a potential temporary loss of use of an unknown but significant amount of sales tax revenue for any local government entity out of compliance with this legislation. Otherwise, any fiscal impact for state and local government is considered not significant.

SUMMARY OF AMENDMENT (006580): Deletes and rewrites the original bill such that the only substantive change is to only require local governments with one or more audit findings to submit a corrective action plan to the Comptroller of the Treasury (COT) addressing each finding.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- According to COT, the administrative procedures required by the proposed language can be accomplished within existing resources and will not result in any significant fiscal impact to state government.

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- Requiring local governments with one or more audit findings to submit a corrective action plan to address each audit finding will not result in any significant increase to local government expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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